

Item 1 – Cover Page

Cambridge Advisors Inc.

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December 31, 2011

This Brochure provides information about the qualifications and business practices of Cambridge Advisors Inc. If you have any questions about the contents of this Brochure, please contact Lori Liffing at 402.697.1166 or lliffing@cambridgeadvisors.net. The information in this brochure has not been approved or verified by the United States Security and Exchange Commission or by any state securities authority.

Cambridge Advisors Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information to use in determining whether or not to hire an Adviser.

Additional information about Cambridge Advisors Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. In 2011, you received our full brochure with information about our qualifications and how we do business. If you became a client after 2011, you received the full brochure at that time. The SEC Rules require that we provide you a summary of any material changes made to our brochure and an explanation of these changes on an annual basis. We will also tell you the date of our last annual update. You will receive these updates annually by March 31 of each year or more often if necessary. As always, you will not be charged for the brochure.

This brochure has been updated as of December 31, 2011 to comply with the SEC’s requirements and rules. The following changes were made since the last update:

Item 4: As of December 31, 2011, Cambridge Advisors managed \$190,814,117 total assets on a discretionary basis and \$11,877,961 on a non-discretionary basis for a total of \$202,692,078.

You may request our brochure by calling Lori Liffing, our President and Chief Compliance Officer, at 406.697.1166 or by emailing her at lliffing@cambridgeadvisors.net.

Additional information about Cambridge Advisors Inc. is also available on the SEC’s website www.adviserinfo.sec.gov. The SEC’s website also provides information about any persons affiliated with Cambridge Advisors Inc. who are registered as investment advisor representatives of Cambridge Advisors Inc.

Item 3 – Table of Contents

| | |
|---|----|
| Item 1 – Cover Page..... | 1 |
| Item 2 – Material Changes..... | 2 |
| Item 3 – Table of Contents..... | 3 |
| Item 4 – Advisory Business..... | 4 |
| Item 5 – Fees and Compensation..... | 4 |
| Item 6 – Performance-Based Fees and Side-By-Side Management..... | 5 |
| Item 7 – Types of Clients..... | 6 |
| Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss..... | 6 |
| Item 9 – Disciplinary Information..... | 8 |
| Item 10 – Other Financial Industry Activities and Affiliations..... | 8 |
| Item 11 – Code of Ethics..... | 9 |
| Item 12 – Brokerage Practices..... | 9 |
| Item 13 – Review of Accounts..... | 10 |
| Item 14 – Client Referrals and Other Compensation..... | 10 |
| Item 15 – Custody..... | 11 |
| Item 16 – Investment Discretion..... | 12 |
| Item 17 – Voting Client Securities..... | 12 |
| Item 18 – Financial Information..... | 12 |
| Brochure Supplements | |

Item 4 – Advisory Business

Gaylan Abood founded Cambridge Advisors Inc. in 1990 as an independent, fee-only investment advisor. Cambridge Advisors Inc. has always been owned 100% by employees of the firm. Current owners of the firm are Lori Liffing, President, who owns 67% and Michael Bridgman, Vice President, who owns 33%.

Cambridge Advisors Inc. provides investment management and financial planning services to clients. Investment management includes giving continuous investment advice or making and implementing investment decisions on a discretionary basis in client accounts. Having discretion on the account means that we do not need to ask for specific client consent before each buy or sell transaction.

Our portfolios are custom-tailored to each client's individual needs, risk tolerance levels, and preferences and may include individual securities, mutual funds, and/or exchange traded funds. Portfolio managers talk with clients to learn about their situation and discuss what types of investments may be appropriate for them and guidelines for the management of the account. Clients may request that certain securities or types of securities (such as securities issued by tobacco or alcohol companies) not be held in their accounts.

Financial planning services include retirement planning, retirement income planning, legacy planning, asset allocation, life insurance analysis, cash flow analysis, and/or special goal planning.

Cambridge Advisors Inc. also provides investment advisory services to retirement plans. In these plans, Cambridge Advisors works with the trustees of the plans to select investment options for the plan. Cambridge Advisors will give participants in the plan asset allocation recommendations on a non-discretionary basis or participants may have their account managed on a discretionary basis. Ongoing, Cambridge Advisors Inc. will monitor the investment options for the plan and make recommendations for changes as appropriate. We will also help new participants enroll in the plan and will provide education through group meetings and individual meetings on request.

As of December 31, 2011, Cambridge Advisors managed \$190,814,117 total assets on a discretionary basis and \$11,877,961 on a non-discretionary basis for a total of \$202,692,078.

Item 5 – Fees and Compensation

The fee for the management of an account will be 0.25 of 1% per quarter of the market value. Fees for an account over two million dollars in size may be negotiated to meet particular needs or services on an individual account basis. Fees for charitable accounts and for families with multiple accounts also may be negotiable or discounted.

Fees for investment management are due in advance and are collected at the beginning of each quarter. New accounts initiated during the quarter or with significant inflows will be charged a

prorated fee for the quarter. Fees are normally deducted from the client's account unless other arrangements are made. The client provides authorization for this on the account application. The investment management agreement provides for termination at the end of any calendar quarter upon giving 30 days prior written notice. If a client desires to have any prepaid and unearned management fee refunded to them on a prorated basis, they should make a written request to Cambridge Advisors Inc. through the portfolio manager.

Cambridge Advisors Inc.'s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus. An annuity may also include an insurance fee. Such charges, fees and commissions are in addition to Cambridge Advisors Inc.'s fees, and Cambridge Advisors Inc. shall not receive any portion of these commissions, fees and costs. The fee for the management of an account will include the safekeeping fee if Cambridge Advisors Inc. selects the custodian. Item 12 further describes the factors that Cambridge Advisors Inc. considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (or, commissions).

Cambridge Advisors offers a stand-alone financial planning service for a flat fee to non-investment management clients and clients who may not meet the investment management minimum. The fee for preparing a comprehensive financial plan is \$2,500.00. One-half of the financial planning fee is due and collected as a retainer to begin financial planning and the balance is collected when the plan is completed. One-half of the financial planning fee can be applied toward investment management fees if they become an investment management client within one year and meet the stated investment minimum. Clients who do not meet the investment management minimum may also engage Cambridge Advisors to provide retirement planning advice on assets not under management for a fee not to exceed 0.25% per quarter of the balance in the retirement plan and other held away assets.

Cambridge Advisors Inc. may give investment advice through consultations not included in investment supervisory services or on matters not involving securities. Clients may request the firm to engage in special studies or projects that may not be covered by the above fee schedules. In these cases the fee will depend on the complexity and scope of the study and generally be based on the time and effort involved. If additional fees apply, Cambridge Advisors Inc. will notify the client before the project commences.

Item 6 – Performance-Based Fees and Side-By-Side Management

Cambridge Advisors Inc. does not charge any performance-based fees (fees that are based on a percentage of capital gains or capital appreciation of the assets of the client).

Item 7 – Types of Clients

Cambridge Advisors Inc. provides investment advisory services to individuals and their families, retirement plans and not-for-profit organizations. Our stated investment minimum for new clients is \$500,000 but may be waived by the portfolio manager at their discretion with approval by an Officer. This minimum is across the client relationship and not for each account. For example, a husband may have a \$200,000 brokerage account, an IRA of \$500,000 and his wife may have a small IRA of \$20,000. The investment minimum would be met because the total investable assets of \$720,000 is above the \$500,000 minimum. There is no investment minimum for stand-alone financial planning services.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Asset Allocation Process - When structuring portfolios, we consider several factors. First, we take into account the client's objectives and investment policy. Our portfolios are customized to each client's specifications so that we respect risk tolerance levels and return expectations. Second, we strive to build a diversified portfolio across asset classes (large cap and small cap) and styles (growth and value), as well as industries and companies. We may also include allocations to natural resources, commodities, or alternative investments. Third, based on current market conditions and our future outlook, we emphasize areas where we see higher growth potential. Within this framework we build a portfolio of individual securities, mutual funds, and/or exchange traded funds that reflect each client's specific constraints including liquidity issues, investment horizon, government regulations, tax implications, preferences and unique needs.

While we are not "market-timers" we do recognize that the risk/reward relationship of the various asset classes will change over time. Asset allocations are adjusted to reflect our outlook of future growth opportunities and risk levels as well as the client's needs. Factors such as equity valuations and interest rate levels may influence asset allocations. When equity valuations and/or interest rates are at historically high levels it may encourage a shift in asset allocation in favor of fixed income securities. When equity valuations and/or interest rates are at historically low levels it may encourage a shift in favor of equity securities. Most changes in asset allocation due to market factors are relatively gradual.

Individual Securities Investment Process – Cambridge Advisors gathers investment information from a wide variety of sources for analysis. We make our own investment decisions internally. We do not rely on a "buy list" from a parent company or Wall Street third party. As part of the investment committee, the portfolio managers are actively involved in the investment research functions of the firm.

Equities – For individual securities, we concentrate on highly marketable securities that trade on the major stock exchanges. As a rule, Cambridge pursues a strategy of purchasing growth companies at attractive valuations. Some refer to this a Growth at a Reasonable Price or GARP strategy. In practice, we evaluate stocks according to long-term earnings, sales and dividend growth rates, and management of the company. We also consider valuations relative to the market and historical trends.

We select securities that are attractively priced, given their future earnings outlook so that we are not buying at an unreasonably high valuation.

When we buy an individual equity security, we seek a potential 15% compounded annual rate of return or 50% appreciation within three years. If a stock pays an attractive dividend, we may reduce our total return target. When a security reaches that target, we re-evaluate to determine whether our required growth potential still exists. If so, we will project a new target price and continue to hold the security. If not, we will sell at this time. If a security becomes overweighted, we may sell back to a normal weighting. If a company's fundamentals change substantially in the form of lost market share, diminished margins, or successive missed estimates we may sell the security even if the original target price has not been met. Additionally, any price decline of 20% or more after a purchase triggers a security review to justify continued holding.

Fixed Income - Our fixed income strategy revolves around building a portfolio of high-quality, investment grade bonds with a ladder of maturities. We evaluate the current spread between corporate bonds and Treasuries and compare it to historic spreads when selecting securities. For Treasury Bonds and Government Agency investments, individual bonds are often preferred over mutual funds because of their lower expenses and the ability to lock in the rate of return.

When purchasing fixed-income securities, we typically buy high-quality, investment grade bonds. This practice reduces the credit risk. After purchase, we monitor the ratings on the bonds held to insure they do not drop below investment grade. Our strategy is not to buy and sell bonds based on trading speculation. Instead, we purchase a ladder of maturities and practice a buy and hold until maturity strategy. This way, our return is locked in for the duration of the bond.

We may also purchase mutual funds for bonds if there is a higher need to reduce default risk such as in corporate bonds and international bonds.

Mutual Funds and Exchange Traded Funds Investment Process – We utilize mutual funds and exchange traded funds (ETFs) in client portfolios, too. We may be more prone to use these types of securities in times when more diversification is needed, taxes are not a factor, the value of the account is smaller or the client prefers mutual funds or ETFs. Often mutual funds and ETFs provide our exposure to small and mid cap stocks, international stocks and bonds, and high yield bonds. Our search criteria may vary according to the client but normally include reasonable expense ratios, good track records, and widely recognized fund companies. Other factors we may consider include trading volume, historical returns, tax efficiency, portfolio composition and consistency. Because it is our goal to minimize investment expenses for our clients, the mutual funds we use are no-load funds.

A mutual fund will be sold if it is consistently underperforming relative to its benchmarks or its peers. Also, if it changes its composition and is no longer filling a need in the portfolio, it will be sold. We also monitor mutual funds for regulatory issues, changes in operating expenses, changes in fund management and other issues to determine if changes are warranted.

Risks involved – Investing in securities involves risk of loss that clients should be prepared to withstand. Equity risks include market risk in which stocks as a whole go down as well as specific company risk in which the stock price declines even when the rest of the stock market is advancing higher. Fixed income investments may not be as volatile as stock investments, but they still have risk. Fixed income has default risk that the issuer may not pay according to the terms of the bond. It also has risk in a rising interest rate environment because bond prices may depreciate. If the depreciation is more than the interest income, bond investments may have a negative total rate of return. Fixed income investments also have inflation risk where high rates of inflation may result in a loss of purchasing power.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Cambridge Advisors Inc. or the integrity of Cambridge Advisors Inc.'s management. Cambridge Advisors Inc. has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Cambridge Advisors Inc. provides investment advice through our investment management and financial planning services described in Item 4. We are not actively engaged in any other business. Cambridge Advisors Inc is not a securities broker-dealer, a futures commission merchant, commodity pool operator nor a commodity trading advisor. In addition, we do not have any arrangements that are material to our advisory business with any of the following entities:

- Broker-dealer;
- Investment company;
- Another investment advisor;
- Financial planning firm;
- Commodity pool operator, commodity trading adviser or futures commission merchant;
- Banking or thrift institution;
- Accounting firm;
- Law firm;
- Insurance company or agency;
- Pension consultant;
- Real estate broker or dealer; nor
- An entity that creates or packages limited partnerships.

In addition, Cambridge Advisors Inc. nor is employees are general partners in any partnership which solicits our clients for investment.

Item 11 – Code of Ethics

Cambridge Advisors Inc. has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, a gift acceptance policy, and personal securities trading procedures. All employees at Cambridge Advisors Inc. must acknowledge the term of the Code of Ethics annually, or as amended.

Cambridge Advisors Inc. employees may buy or sell securities in their personal accounts that are also purchased or sold in client accounts. Employees do not buy or sell securities or investment products directly with clients in which they benefit from the transaction. Employee accounts may trade in the same securities with client accounts on an aggregated basis if best execution obligation is met. Clients and employees receive the same average price and commission and if the entire order is not filled, shares will be allocated on a pro rata basis. Also, if any trades may have a conflict of interest with a client, the portfolio manager should disclose the conflict to the client. The Code of Ethics is designed to allow employees of Cambridge Advisors Inc. to invest their own accounts and assure that personal securities transactions of the employees will not interfere with making decisions in the best interest of advisory clients. If a conflict of interest could occur, employees should pre-clear the trade with the Chief Compliance Officer. Employee trading is continually monitored to reasonably prevent conflicts of interest between Cambridge Advisors Inc. and our clients. If you would like to receive a copy of our Code of Ethics, please contact Lori Liffing.

Item 12 – Brokerage Practices

Cambridge Advisors Inc. has custodial relationships with several firms. Most client accounts are held with Charles Schwab Institutional although in some specific cases, the account must be held at an alternative custodian. Our evaluation of a custodian is based on what would be best for our clients and provide an efficient operation for our firm. Through Charles Schwab Institutional, we receive best execution when placing trades in client accounts and their commissions are very reasonable. Equity trades are \$19.95 or less and mutual fund trades have a maximum \$49.95 transaction fee. The client assets are protected with SPIC insurance and additional coverage. Charles Schwab Institutional provides our clients with adequate reporting and Internet access to their accounts. Clients can also contact Schwab directly concerning their accounts. For our firm, Charles Schwab Institutional provides leading technology so that data can be easily downloaded into our portfolio management system, account tracking and maintenance tools that increase efficiency, research from leading providers, online trading, and practice management advice.

Special situations may mean an account cannot be held at Charles Schwab Institutional and is therefore held at another Custodian such as TD Ameritrade or a bank trust department or a trust company. In these cases, the custodian decision is client driven. If the custodian does not act as broker-dealer, trades may be executed at another firm such as Smith Hayes or D.A. Davidson as our experience with best execution and reasonable commissions has been positive with these firms. These and other brokers may also be used when buying individual fixed income

investments as they may have an inventory of bonds that Charles Schwab Institutional does not have.

Clients may select another brokerage on their own if they desire. Cambridge Advisors Inc. may not be able to achieve the most favorable execution of client transactions when using an alternative arrangement and commissions may be higher.

Cambridge Advisors Inc. participates in a referral program called the Hewitt AdvisorConnection™. Referrals from this program are required to use TD Ameritrade as their custodian. TD Ameritrade is similar to Charles Schwab Institutional in that trades receive best execution and reasonable commissions.

Cambridge Advisors does not receive any financial compensation from placing trades with a particular broker and we do not participate in soft dollar arrangements. We do not receive referrals from custodians.

Item 13 – Review of Accounts

Client accounts are under continuous review of the assigned portfolio manager. The portfolio manager reviews each account at least quarterly. During periodic client meetings, portfolio managers review with clients their asset allocation, suitability of investments and restrictions. On a quarterly basis, the Chief Compliance Officer reviews trades in client accounts for consistency with investment committee recommendations.

On a quarterly basis, clients receive a Portfolio Appraisal from Cambridge Advisors Inc. for each account under management. Upon request, they may receive additional reports such as Portfolio Summary, Purchase and Sale report, Realized Gains and Losses, Unrealized Gains and Losses, Income and Expenses, Performance, and other customized reports for planning purposes.

Item 14 – Client Referrals and Other Compensation

Cambridge Advisors Inc. does not receive any economic benefit, sales awards or prizes for providing investment advice or other advisory services to our clients. We do not have any revenue sharing arrangements either. The only compensation we receive is the management fee on the account or the financial planning fee paid by the client.

Cambridge Advisors Inc. receives client referrals from Hewitt Financial Services LLC (“Hewitt”) through Cambridge Advisors Inc.’s participation in Hewitt AdvisorConnection™. This Service is designed to help investors find independent investment advisors. Hewitt is a registered investment adviser and broker-dealer independent of and unaffiliated with Cambridge Advisors Inc. Hewitt does not supervise Cambridge Advisors Inc. and has no responsibility for Cambridge Advisors Inc.’s management of clients’ portfolios or our other advice or services. Cambridge Advisors Inc. pays Hewitt fees to receive client referrals. Cambridge Advisors Inc.’s participation in the program may raise potential conflicts of interest described below.

Cambridge Advisors Inc. pays Hewitt a participation fee on all referred clients' accounts that are maintained in custody through one or more broker-dealers maintaining a fee-sharing relationship with Hewitt and a separate fee on all accounts that are maintained at, or transferred to, another custodian. The participation fee paid by Cambridge Advisors Inc. includes a percentage of the fees the client owes to Cambridge Advisors Inc. and sometimes an annual retainer. Cambridge Advisors Inc. pays Hewitt the participation fee as long as the referred client's account remains in custody at Hewitt. The part of the participation fee based on the fees the client owes to Cambridge Advisors Inc. is billed to Cambridge Advisors Inc. quarterly and may be increased, decreased or waived by Hewitt from time to time. The Participation Fee is paid by Cambridge Advisors Inc. and not by the client. Cambridge Advisors Inc. has agreed not to charge clients referred through this program fees or costs greater than the fees or costs Cambridge Advisors Inc. charges clients with similar portfolios who were not referred through the program.

For accounts of Cambridge Advisors Inc.'s clients maintained in custody at broker-dealers having a fee sharing relationship with Hewitt, Hewitt will not charge the client separately for custody but will receive compensation indirectly from Cambridge Advisors Inc.'s clients in the form of commissions or other transaction-related compensation on securities trades executed through this participating broker-dealer. Cambridge Advisors Inc. acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody through Hewitt's arrangements with third party broker-dealers may be executed through a different broker-dealer than trades for Cambridge Advisors Inc.'s other clients. Thus, trades for accounts custodied through these broker-dealers may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Cambridge Advisors Inc. generally pays Hewitt a separate fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from broker-dealers having fee sharing agreements with Hewitt. This separate fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Hewitt. The fee is higher than the participation fees Advisor generally would pay in a single year. Thus, Cambridge Advisors Inc. will have an incentive to recommend that client accounts be held in custody through broker-dealers having fee sharing agreements with Hewitt.

Item 15 – Custody

Clients should receive at least quarterly statements from Charles Schwab Institutional or an alternative qualified custodian that holds and maintains the client's investment assets. Cambridge Advisors Inc. urges you to carefully review your statements and compare the custodian's records to the reports we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuations methodologies of certain securities.

Item 16 – Investment Discretion

Cambridge Advisors Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the security and amount to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and investment policy for the client's account. By signing the forms to open an account, you give Cambridge Advisors Inc. a limited power of attorney to place these trades in your account. In addition, you may give Cambridge Advisors authority to request distributions to you on your behalf to your address of record and you may grant authority to us to deduct our fee directly from the account. Any investment guidelines and restrictions must be provided to Cambridge Advisors Inc. in writing or can be indicated on an Investment Policy Statement.

Item 17 – Voting Client Securities

Cambridge Advisors Inc. will vote proxies for our clients if desired. This election is made on the account application. Clients cannot direct how we vote, and if the client feels strongly about how a proxy should be voted, they should not elect to have Cambridge Advisors Inc. vote their proxies.

Proxies are sent directly to Cambridge Advisors. When we receive the proxy, it is logged in as received and assigned to a member of the investment committee for voting. Our policy is to vote in the best interest of shareholders. All proxies received for a company will be voted the same for all accounts. Although accounts under our management may hold many shares of a security, the total number of shares held is quite small compared to the number of voting shares and so our votes are often insignificant.

Clients may obtain a copy of the Proxy Voting Policy or records on how proxies were voted. To request either of these, please contact Lori Liffing.

Item 18 – Financial Information

If Cambridge Advisors Inc.'s ability to meet contractual and fiduciary commitments to clients was impaired by our financial condition, we would disclose that to you here along with appropriate financial information. Our financial condition is not impaired and we have not been involved in bankruptcy proceedings.